



**Presentation  
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**The Audit Committee : Challenges for a New Decade**



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# Presentation Topics



- Audit Committee Definition & Background Details
- Challenges Facing the Audit Committee

# Audit Committee Definition



The Audit Committee is an **operating committee of the Board of Directors** and is typically **charged with the oversight of the following:**

- **Financial Reporting & Accounting**
- **Internal Control & Risk Management**
- **External Audit**
- **Internal Audit**

# Background Details

- The Audit Committee should be composed of **at least three independent non executive directors** appointed by the Board of Directors for a period of up to three years.
- The main role and responsibilities of the Audit Committee should be set out in written **Terms of Reference** approved by the Board of Directors.

# Background Details (Cont'd)

- **Sufficient meetings** of the Audit Committee should be held each year to enable it to discharge its duties adequately and effectively.
- The Audit Committee should **report to the Board of Directors**, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.

# Challenges Facing the Audit Committee

Some of the current challenges facing the Audit Committee include:

- Risk Oversight
- Committee Meeting Efficiency
- Unclear Roles, Responsibilities & Expectations
- Effective Communication

# Risk Oversight

- Confusion over Risk Oversight
- Inadequate Understanding of Internal Controls/Systems & the Organisation's Key Risks
- The Risk of Change

# Committee Meeting Efficiency



- Drowning in Paper
- Too Many Around the Table
- Pre Meeting Preparations



# Unclear Roles, Responsibilities & Expectations



- Training for Audit Committee Members
- Growing Expectations
- Excessive Reliance on the Financial Expert

# Effective Communications



- The Need to Take the Pulse of the Organisation
- Board Reporting

# Conclusions

- **The role and responsibilities of the Audit Committee have been altered and redefined in recent years.**
- **This process has lead to an ever increasing role and importance for the Audit Committee within the organisation, together with the associated challenges this brings.**
- **Only by working to overcoming these challenges will the Audit Committee provide the Board of Directors with the increased assurance on the areas under its remit that is required and thus allow the Board focus on the most significant issues so as to achieve the organisations overall objectives.**

# Questions & Answers

# Thank You



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